

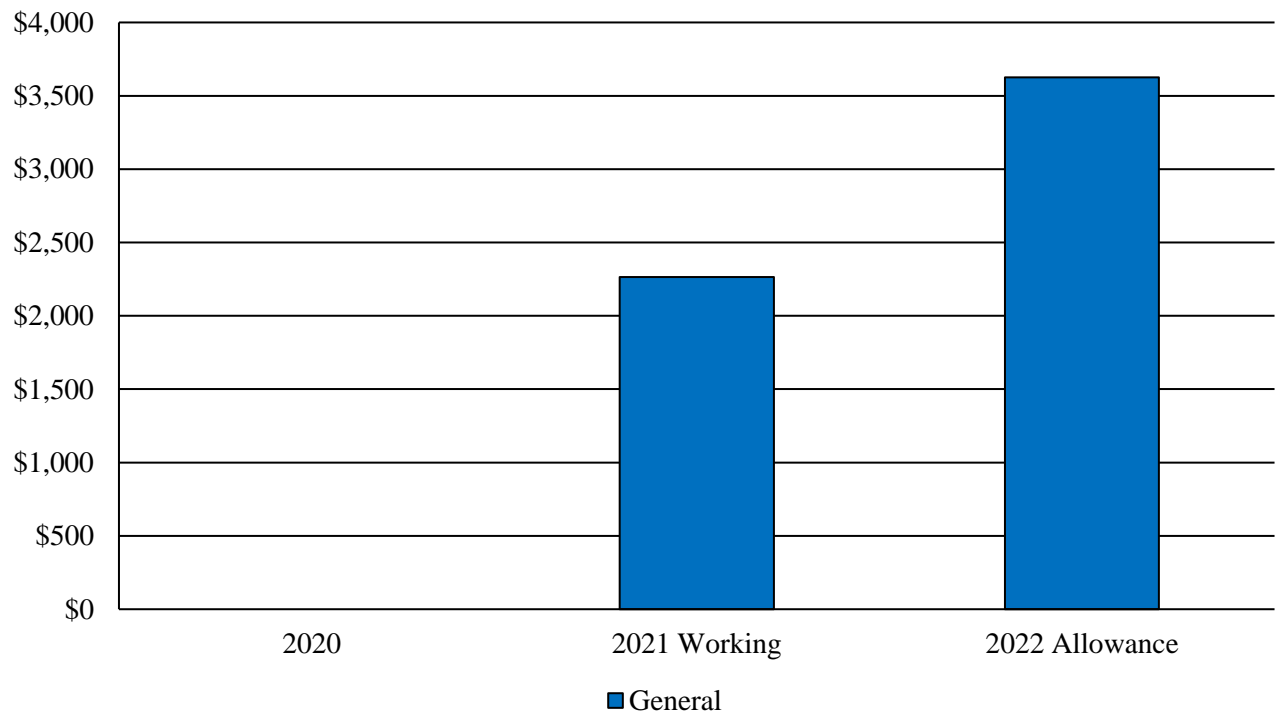
E17 Alcohol and Tobacco Commission

Program Description

The Alcohol and Tobacco Commission (ATC) was established by Chapter 12 of 2019 and is responsible for regulating the State's alcohol and tobacco industries. ATC is led by an executive director and a five-member commission appointed by the Governor for terms of five years.

Operating Budget Summary

Fiscal 2022 Budget Increases \$1.4 Million, or 60.1%, to \$3.6 Million (\$ in Thousands)



Note: The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance includes contingent reductions, annual salary review adjustments, and annualization of general salary increases.

- The fiscal 2022 allowance increases by 60.1% due to the annualization of personnel expenses for the entirety of fiscal 2022, which will be the commission's first full fiscal year of operations.

Fiscal 2021

Although established by Chapter 12, Chapters 359 and 360 of 2020 provided further clarification on ATC including classifying authorized employees of ATC as police and law enforcement officers and granting ATC the legal authority to carry out its enforcement duties. The Acts also specified January 1, 2021, as the effective date for the changes to statute establishing ATC.

As required, 27 positions and \$1.6 million in general funds were transferred by budget amendment, effective January 1, 2021, from the Comptroller of Maryland's former Field Enforcement Division (FED) (now known as the Field Enforcement Bureau), in order to staff the commission and fund personnel expenses for the second half of fiscal 2021. Additionally, the Comptroller is providing office space at its Annapolis location and access to its existing document and licensing database used by FED for enforcement and licensing activities for the second half of fiscal 2021. Depending on the timeframe for fully implementing commission operations, there are additional costs for ATC operations that have not yet been determined.

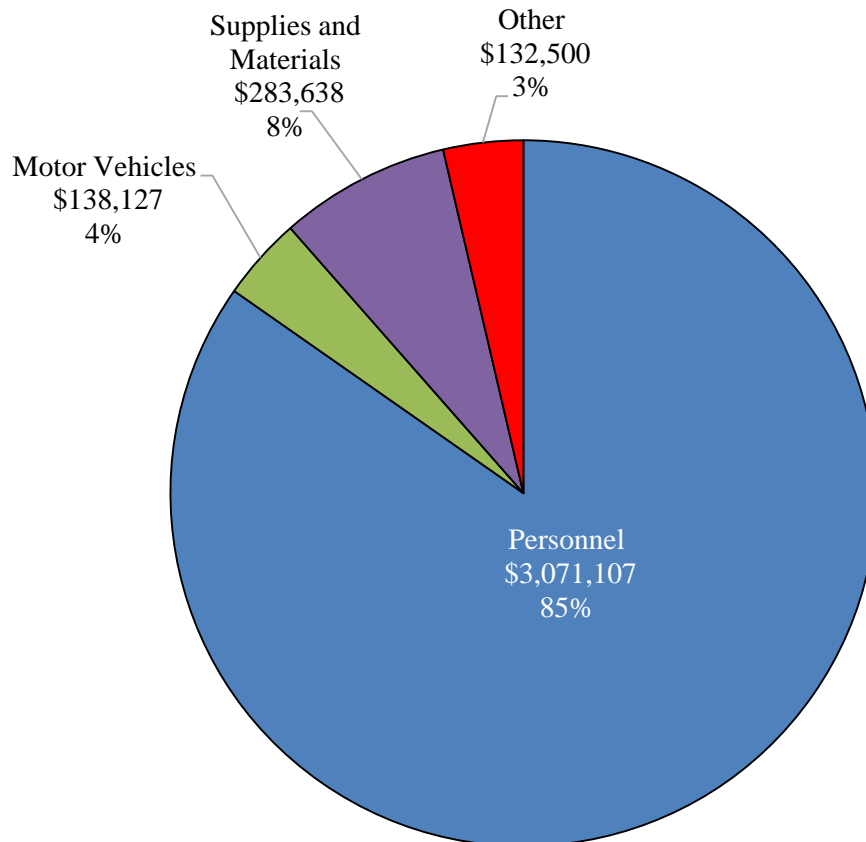
Cost Containment

At its July 1, 2020 meeting, the Board of Public Works approved a reduction of \$220,349 in general funds in order to reflect reductions to various operating expenses during fiscal 2021.

Fiscal 2022 Overview of Agency Spending

As shown in **Exhibit 1**, the adjusted fiscal 2022 allowance for ATC is \$3,625,000. The majority of the budget consists of personnel expenses. Approximately 85% of the fiscal 2022 allowance, or \$3,071,107, funds 30 regular positions and 1 contractual position. The remaining 15% of the budget funds the agency's operating expenses, the largest categories being supplies and materials, at \$283,638, or 8% of the budget, and motor vehicle maintenance and operations costs, at \$138,127, or 4% of the budget.

Exhibit 1
Overview of Agency Spending
Fiscal 2022 Allowance



Note: The fiscal 2022 allowance includes annual salary review adjustments and general salary increases.

Source: Governor's Proposed Fiscal 2022 Budget

Proposed Budget Change

As shown in **Exhibit 2**, the total adjusted fiscal 2022 allowance increases by \$1,361,000, or 60.1%, from the adjusted fiscal 2021 working appropriation. This increase is primarily due to the annualization of personnel expenses for the 27 positions that were transferred by budget amendment midway through fiscal 2021 for the staffing of the commission. Other changes to operating expenses include increases of \$82,000 for the purchase of office supplies and \$43,000 for communications expenses. Motor vehicle purchase costs decrease by \$91,000.

Exhibit 2
Proposed Budget
Alcohol and Tobacco Commission
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Total</u>
Fiscal 2020 Actual	\$0	\$0
Fiscal 2021 Working Appropriation	\$2,265	\$2,265
Fiscal 2022 Allowance	<u>3,625</u>	<u>3,625</u>
Fiscal 2021-2022 Amount Change	\$1,361	\$1,361
Fiscal 2021-2022 Percent Change	60.1%	60.1%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Regular earnings	\$891
Retirement and pension system contributions	237
Employee and retiree health insurance	209
Social security contributions	65
Annualization of fiscal 2021 general salary increase.....	28
Annual salary review adjustments	22
Other fringe benefit adjustments.....	8
Turnover adjustments	-222
Other Changes	
Office supplies	82
Contractual personnel	49
Communications	43
Other	40
Motor vehicle purchases	-91
Total	\$1,361

Note: Numbers may not sum to total due to rounding.

Personnel Data

	<u>FY 20</u> <u>Actual</u>	<u>FY 21</u> <u>Working</u>	<u>FY 22</u> <u>Allowance</u>	<u>FY 21-22</u> <u>Change</u>
Regular Positions	0.00	30.00	30.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>
Total Personnel	0.00	30.00	31.00	1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.61	8.71%
Positions and Percentage Vacant as of 12/31/20	n/a	n/a
Vacancies Above (Below) Turnover	n/a	n/a

- The fiscal 2022 allowance includes funding for 30 regular positions, including 27 positions transferred to ATC from the Comptroller's FED by budget amendment in fiscal 2021.
- The fiscal 2022 allowance includes an additional management associate contractual position.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Object/Fund Difference Report
Alcohol and Tobacco Commission

<u>Object/Fund</u>	<u>FY 20</u> <u>Actual</u>	<u>FY 21</u> <u>Working</u> <u>Appropriation</u>	<u>FY 22</u> <u>Allowance</u>	<u>FY 21 - FY 22</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	0.00	30.00	30.00	0.00	0%
02 Contractual	0.00	0.00	1.00	1.00	N/A
Total Positions	0.00	30.00	31.00	1.00	3.3%
Objects					
01 Salaries and Wages	\$ 0	\$ 1,784,295	\$ 2,971,649	\$ 1,187,354	66.5%
02 Technical and Spec. Fees	0	0	49,091	49,091	N/A
03 Communication	0	52,000	94,500	42,500	81.7%
04 Travel	0	350	525	175	50.0%
06 Fuel and Utilities	0	20,000	20,000	0	0%
07 Motor Vehicles	0	206,591	138,127	-68,464	-33.1%
08 Contractual Services	0	0	16,475	16,475	N/A
09 Supplies and Materials	0	201,547	283,638	82,091	40.7%
11 Equipment – Additional	0	0	1,000	1,000	N/A
Total Objects	\$ 0	\$ 2,264,783	\$ 3,575,005	\$ 1,310,222	57.9%
Funds					
01 General Fund	\$ 0	\$ 2,264,783	\$ 3,575,005	\$ 1,310,222	57.9%
Total Funds	\$ 0	\$ 2,264,783	\$ 3,575,005	\$ 1,310,222	57.9%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted reversions, general salary increases, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions, ASRs, or cost-of-living adjustments.